

Form CEC

CIGARETTE EXPORT CREDIT COMPUTATION SCHEDULE

Tax Year Ending
(MM/DD/YYYY)

/ /

Corporation Name (as shown on Virginia return)	FEIN	Virginia Account Number
Number and Street		
Address continued		
City or Town, State and ZIP Code		

1. Base year export volume. Enter the number of cigarettes manufactured and exported during the calendar year ending December 31, 2004 1. _____
2. Enter the number of cigarettes manufactured and exported during the taxable year beginning on or after January 1, 2006 2. _____
3. Export percentage.
Divide line 2 by line 1 (Compute two places past the decimal).
If less than 0.50, do not complete this form. You are not eligible for this credit.
If line 3 is 0.50 or greater, continue to line 4 3. _____
4. Divide line 2 by 1,000. 4. _____
5. Enter the Credit Factor from the Credit Table below. 5. _____

Credit Table		
If Line 3 is at least:	but less than	Credit Factor
0.50	0.60	\$0.20
0.60	0.80	\$0.25
0.80	1.00	\$0.30
1.00	1.20	\$0.35
Over 1.20		\$0.40

6. Tentative credit amount. Multiply line 4 by line 5 6. _____
7. Estimated income tax liability after all other credits 7. _____
8. 50% of Line 7 8. _____
9. Amount of Credit requested (lesser of Line 6 or Line 8) 9. _____

This credit request must be filed with the Virginia Department of Taxation no later than April 1

I, the undersigned president, vice-president, treasurer, assistant treasurer, chief accounting officer or other officer duly authorized to act, of the corporation identified above, declare under the penalties provided by law that this schedule has been examined by me and is, to the best of my knowledge and belief, a true, correct, and complete return, made in good faith, for the taxable year stated, pursuant to the income tax laws of the Commonwealth of Virginia. In addition, I certify that the base and current export volumes as contained herein are correct to the best of my knowledge. If prepared by a person other than the undersigned this declaration is based on all information of which they have any knowledge.

(Date) (Signature of officer) (Title)

(Date) (Individual or firm, signature of preparer, and phone number) (Address)

Preparer's FEIN, PTIN or SSN _____ Approved Vendor Code _____

Attach a listing of the corporation's monthly export volumes as reported to the Alcohol and Tobacco Tax and Trade Bureau of the United States Department of the Treasury.

INSTRUCTIONS FOR PREPARING FORM CEC

APPLICATION FOR VIRGINIA CIGARETTE EXPORT CREDIT

General Information

Cigarette Export Credit

This credit may be claimed for taxable years beginning on and after January 1, 2006, but before January 1, 2016, by any C-corporation that manufactures cigarettes in Virginia and exports cigarettes to a foreign country. Businesses may apply for reservation of the credit using Form CEC. The business must reapply each year for the credit. To qualify the business must (1) have manufactured cigarettes in Virginia and (2) have current year export volume of at least 50% of the base year (2004) export volume.

The credit is a designated rate per 1,000 cigarettes of the current year export volume based on the ratio of current year export volume to base year export volume. The Virginia Department of Taxation may only grant \$6 million of export credits each year.

When to Submit Application

Submit Form CEC to the Virginia Department of Taxation no later than April 1 of the subsequent year such exports are shipped. Applications received after April 1 are not eligible for the credit.

What to Attach

Attach the following items to Form CEC:

A listing of the corporation's monthly export volumes as reported to the Alcohol and Tobacco Tax and Trade Bureau.

Where to File

Mail the completed Form CEC and attachments to:

**Virginia Department of Taxation
ATTN: Tax Credit Unit
P.O. Box 715
Richmond, VA 23218-0715**

or

you may fax it to 804-786-2800.

What to Expect from the Department of Taxation

The Virginia Department of Taxation will review all applications for completeness and notify taxpayers of any errors by June 1. If any additional information is needed, it must be provided no later than June 15 in order for the exports to be considered for the tax credit. All eligible taxpayers will be notified by June 30 as to the allowable credit amount that may be claimed for the qualified export. If the total eligible credit requests received exceeds the Commonwealth's annual \$6 million limitation, each taxpayer shall be granted a pro rata amount as determined by the Department. If the Department determines that any allocated credits cannot be used by the Taxpayer, the allocation of unusable credit will be cancelled and the credit reallocated to other applicants pro rata.

What Does the Taxpayer Need to Do

Upon receiving notification of the allowable credit amount, taxpayers may claim the allowable credit amount on their

Virginia income tax return (Form 500). Enter the credit amount on line 10 of Form 500 and attach a copy of your certification letter to the return. In addition, please write "Cigarette Export Credit" on line 10. The amount of this credit included on Line 10 cannot exceed 50% of the liability on Line 9. If you have other credits on Schedule CR, include this credit in the total claimed on Line 10. The amount claimed on Line 10 cannot exceed 50% of the liability after all other credits claimed on Schedule CR.

IMPORTANT

Taxpayers who do not receive notification of allowable credit amounts before their Virginia income tax return due date must qualify for the automatic extension or file their regular return without the credit and then file an amended tax return after receipt of notification to claim the tax credit. Credits can only be claimed for specified year and cannot be carried forward.

Questions?

Visit our website: **www.tax.virginia.gov** to obtain Form CEC. For assistance, call 804-786-2992.

Line by Line Instructions

Line 1 Enter the number of cigarettes manufactured in Virginia and exported during the "base year" (2004).

Line 2 Current Year Export Volume

Enter the number of cigarettes manufactured in Virginia and exported during 2006.

Line 3 Current-to-Base-Year Export Percentage

Divide line 2 by line 1 and enter result to two places. Example: $.6734 = .67$

If the amount on line 3 is less than .50, no credit is available. If the amount on line 3 is .50 or greater, go to line 4.

Line 4 Divide line 2 by 1,000.

Line 5 Enter the Credit Factor from the Credit Table

Line 6 Multiply line 4 by the Credit Factor on line 5.

You must also attach a schedule of exports by month as reported to the Alcohol and Tobacco Tax and Trade Bureau.

Signature and Verification

The return must be signed by the president, vice-president, treasurer, assistant treasurer, chief accounting officer, or other officer duly authorized to act. If an accountant who is not a full-time officer or employee of the corporation prepared the return, or assisted in its preparation, give the name and address of the accountant. (Sec. 58.1-447.)

**This credit request must be filed with the
Virginia Department of Taxation no later than
April 1**